

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01

AGRE-00 OMB-01 STR-04 JUSE-00 FTC-01 L-03 XMB-02

OIC-02 /097 W

-----102196 181821Z /46

R 181619Z JUL 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5813

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PASS: EUR/RPE FOR GELBARD; EB/IFD FOR SMITH; COMMERCE  
FOR KATZ; TREASURY FOR GRIFFIN

E.O. 11652: N/A

TAGS: EIND, OECD, EINV

SUBJECT: INDUSTRY COMMITTEE WORKING PARTY 1 ON MULTI-  
NATIONAL ENTERPRISES, MEETING JULY 11 AND 12

REF: (A) DST1/IND1/77.5; (B) DST1/IND1/77.4;  
(C) DST1/IND1/76.4 (2ND REV.) PLUS ANNEXES

1. SUMMARY: MAIN FOCUS OF SESSION CENTERED ON EXPLORA-  
TORY DISCUSSION OF AVAILABILITY IN MEMBER COUNTRIES OF  
DATA TO CARRY OUT MANDATED STUDY OF CONCENTRATION OF  
FOREIGN-OWNED SUBSIDIARIES IN MAJOR INDUSTRIAL SECTORS  
OF HOST COUNTRIES. QUESTIONNAIRE PREPARED (SO FAR ONLY  
IN FRENCH) ASKING MEMBERS TO SUPPLY BY OCTOBER 15 RELE-  
VANT STATISTICS FOR ANALYSIS AND INCLUSION IN WP REPORT  
TO INDUSTRY COMMITTEE (DUE MARCH, 1978). DISCUSSION  
REVEALED MUCH OF REQUESTED MATERIAL NOT PUBLICLY AVAIL-  
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ABLE AND COUNTRIES NOT PREPARED TO GATHER NEW DATA FOR  
WP'S SURVEY. COMMITTEE AGREED ON NEED TO UPDATE SECRE-  
TARIAT STATISTICS ON FOREIGN PENETRATION OF MANUFACTUR-  
ING INDUSTRIES. SECRETARIAT WILL PREPARE AND DISTRIBUTE  
QUESTIONNAIRE ASKING FOR NECESSARY DETAILS. PRELIMINARY  
DISCUSSION OF FUTURE WORK PROGRAM FOR WP REVEALED NO  
FIRM IDEAS ON NEW STUDY PROJECTS JUSTIFYING EXTENSION OF

GROUP'S MANDATE BEYOND MARCH, 1978. HOWEVER, SEVERAL COUNTRIES MENTIONED SUGGESTIONS FOR POSSIBLE NEW ACTIVITIES INCLUDING STUDY ON OUTGOING DIRECT INVESTMENTS. MATTER WILL AGAIN BE ON AGENDA FOR NEXT MEETING, SCHEDULED FOR FIRST WEEK IN FEBRUARY, 1978. END SUMMARY

2. FOREIGN PENETRATION AND INDUSTRIAL CONCENTRATION STUDY: WP STARTED WORK ON CONCENTRATION STUDY OF FOREIGN-OWNED SUBSIDIARIES IN MAJOR INDUSTRIAL SECTORS OF MEMBER COUNTRIES. EXERCISE IS FOLLOW-UP TO WP'S PENETRATION STUDY AND SHOULD BE COMPLETED BY EARLY MARCH, 1978 WHEN WP MANDATE EXPIRES. PLAN TO USE SECRETARIAT DRAFT (REF A) AS BASIS FOR INITIAL DISCUSSIONS WAS THWARTED BY LATE DISTRIBUTION OF PAPER. MANY PARTICIPANTS, INCLUDING U.S. DEL, REFUSED TO BE DRAWN INTO DETAILED REVIEW OF SECRETARIAT DRAFT, PENDING EXAMINATION BY STATISTICAL AUTHORITIES IN CAPITALS. THEY WERE ASKED TO SUBMIT WRITTEN COMMENTS ASAP.

3. PRELIMINARY EXCHANGE OF VIEWS REVEALED MOST WP MEMBERS FEEL PROJECT, AS PROPOSED BY SECRETARIAT, DIFFICULT AND TOO AMBITIOUS, GIVEN EXISTING TIME RESTRAINTS, AND PROBABLY GOES BEYOND WP MANDATE. ULTIMATE GOAL OF SECRETARIAT IS TO ESTABLISH LINK BETWEEN PENETRATION AND CONCENTRATION OF FOREIGN COMPANIES IN SELECTED INDUSTRIAL SECTORS. COMMITTEE (A) CONSIDERED THIS HIGHLY SENSITIVE LIMITED OFFICIAL USE

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UNDERTAKING, ESPECIALLY IN VIEW OF COMPETITION ASPECTS OF CONCENTRATION AND (B) EXPRESSED DOUBT VALID CONCLUSIONS COULD OR SHOULD BE DRAWN GIVEN PROBABLE INABILITY OF MANY COUNTRIES TO PRODUCE ADEQUATE COMPARABLE STATISTICAL UNDERPINNING. NO COUNTRY WILLING TO DEVELOP NEW DATA TO SATISFY SECRETARIAT REQUEST, BUT ALL AGREED TO SUBMIT ANY EXISTING PUBLISHED MATERIAL. U.S. DEL AGREED TO SUPPLY VOLUME OF 1974 U.S. BENCHMARK STUDY RELATED TO INDUSTRIAL CONCENTRATION.

4. SECRETARIAT DISTRIBUTED DRAFT QUESTIONNAIRE (IN FRENCH) ON AVAILABILITY OF PENETRATION AND CONCENTRATION STATISTICS TO BE COMPLETED AND RETURNED BY OCTOBER 15. BASED ON THESE SUBMISSIONS, SECRETARIAT PROMISED TO PREPARE DRAFT REPORT ON FOREIGN PENETRATION AND INDUSTRIAL CONCENTRATION WELL IN ADVANCE OF NEXT WP MEETING.

5. COMMENT: INTEREST IN WP'S CONCENTRATION PROJECT AT THIS POINT SEEMS WEAK. SWITZERLAND (IN ANOTHER OF ITS

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VARIOUS ATTEMPTS TO LIMIT ACTIVITIES OF WP) PROPOSED TO  
END EXERCISE AND INSTEAD CONCENTRATE ON UPDATING PRE-  
VIOUS PENETRATION REPORT. THIS WAS SUPPORTED BY U.S.  
DEL. CHAIR NOTED TERMINATION UNACCEPTABLE BECAUSE OF  
EXISTING WP MANDATE. NEVERTHELESS, LACK OF AVAILABILITY  
OF RELEVANT AND INTERNATIONALLY COMPARABLE MATERIAL MAKES  
IT DOUBTFUL THAT WP CAN PRODUCE ACCEPTABLE PRODUCT.

6. UPDATING OF PENETRATION REPORT (REFS B AND C):  
SECRETARIAT WILL DISTRIBUTE IN EARLY SEPTEMBER QUESTION-  
NAIRE TO UPDATE EARLIER INFORMATION AND PROVIDE SOME  
ADDITIONAL DATA ON MNE PENETRATION IN HOST COUNTRY MANU-  
FACTURING. REPLIES ARE DUE BY DECEMBER 1.

7. RELEVANT DISCUSSIONS IN OTHER OECD BODIES SINCE LAST  
WP MEETING: SECRETARIAT REPORTED THAT BOTH INDUSTRY COM-  
MITTEE AND COUNCIL ADOPTED WP'S PENETRATION REPORT AS  
SUBMITTED. PAPER WAS DERESTRICTED AND WILL SOON BE  
AVAILABLE FOR DISTRIBUTION.

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8. FUTURE WORK PROGRAM OF WP1: ALTHOUGH NOT ON AGENDA, SEVERAL DELS REQUESTED THAT WP GIVE SOME THOUGHT TO THIS ISSUE. CURSORY DISCUSSION SHOWED THAT UNLESS INDUSTRY OR INVESTMENT COMMITTEES ASK WP TO CONDUCT SPECIFIC NEW PROJECTS FOR THEM, PROSPECTS FOR EXTENSION OF WP MANDATE BEYOND MARCH, 1978 ARE DIM. NORDIC DELS AGAIN PUSHED FOR EXPANSION OF DATA-GATHERING BEYOND CURRENT THREE PARAMETERS TO INCLUDE ALL OF THE 14 ITEMS ORIGINALLY AGREED UPON. OTHERS WANTED STATISTICS ON OUTGOING INVESTMENT. MAJOR DISCUSSION OF POSSIBLE FUTURE WP PROGRAM WILL BE HELD NEXT MEETING. SECRETARIAT REPORTED INTENTION OF INVESTMENT COMMITTEE TO PUT DISCUSSION ON WP'S FUTURE ON AGENDA FOR ITS SPRING, 1978 MEETING.

9. ELECTION OF OFFICERS: DR. BUECHNER-SCHOEPF (GERMANY) WAS ELECTED CHAIRMAN, AND MR. RICHARDSON (UK) VICE-CHAIRMAN.

10. OTHER BUSINESS: SEVERAL DELS REPORTED ON PRESENT STATUS OF MNE-RELATED STUDIES IN THEIR COUNTRIES. UK GOVERNMENT EXPECTS TO PUBLISH NEXT MONTH TRIANNUAL REPORT ON OVERSEAS ASSETS OF BRITISH COMPANIES AND ON HOLDINGS OF FOREIGN-OWNED FIRMS IN UK. CANADA JUST COMPLETED COMPREHENSIVE STUDY ON FOREIGN PENETRATION OF, AND CONCENTRATION IN, MAJOR INDUSTRIAL SECTORS. U.S. WAS ASKED TO REPORT ON CURRENT STATUS OF 1977 BENCHMARK SURVEY OF U.S. DIRECT INVESTMENT ABROAD.

11. NEXT MEETING OF WP SCHEDULED FOR FIRST WEEK OF FEBRUARY, 1978.  
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## Message Attributes

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